

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Ruth Y. Goldway, Chairman;
Robert G. Taub, Vice Chairman; and
Mark Acton

Competitive Product Prices
Inbound Competitive Multi-Service Agreements with
Foreign Postal Operators
Hongkong Post – United States Postal
Service Bilateral Agreement (MC2010-34)
Negotiated Service Agreement

Docket No. CP2014-21

NOTICE AND ORDER CONCERNING
ADDITIONAL INBOUND COMPETITIVE MULTI-SERVICE
AGREEMENT WITH FOREIGN POSTAL OPERATORS 1
NEGOTIATED SERVICE AGREEMENT
(WITH HONGKONG POST)

(Issued December 27, 2013)

I. INTRODUCTION

On December 26, 2013, the Postal Service filed Notice, pursuant to 39 CFR 3015.5, that it has entered into a successor negotiated service agreement (Agreement) with Hong Kong's foreign postal operator, Hongkong Post.¹

¹ Notice of United States Postal Service of Filing Functionally Equivalent Inbound Competitive Multi-Service Agreement with a Foreign Postal Operator, December 26, 2013 (Notice).

The Postal Service seeks to have the inbound portion of the Agreement, which concerns delivery of inbound Air CP in the United States, included within the Inbound Competitive Multi-Service Agreements with Foreign Postal Operators 1 (MC2010-34) product on the competitive product list. Notice at 1, 3.

II. CONTENTS OF FILING

The Postal Service's filing consists of the Notice, financial workpapers, and four attachments.² Attachment 1 is a copy of the Agreement. Attachment 2 is the certified statement required by 39 CFR 3015.5(c)(2). Attachment 3 is a copy of Governors' Decision No. 10-3. Attachment 4 is an application for non-public treatment of materials filed under seal.

The Agreement's intended effective date is March 1, 2014. *Id.* at 3. The Agreement is set to expire one year after the effective date, subject to termination pursuant to contractual terms. *Id.*

The Postal Service states that the Agreement is the successor to the 2013-2014 Hongkong Post Agreement approved in Order No. 1580.³ It also identifies the 2013-2014 Hongkong Post Agreement as the baseline agreement for purposes of determining functional equivalence.⁴ Notice at 2. It asserts that the Agreement fits within applicable Mail Classification Schedule language included in Governors' Decision No. 10-3. See *id.* at 3, Attachment 3. The Postal Service identifies differences between the Agreement and the 2013-2014 Hongkong Post Agreement, such as revisions to

² The financial workpapers and Attachments 1 and 3 were filed in redacted and unredacted versions.

³ Notice at 2; Docket No. CP2013-22, Order Approving an Additional Inbound Competitive Multi-Service Agreement With Foreign Operators Negotiated Service Agreement (with Hongkong Post), December 17, 2012 (Order No. 1580).

⁴ The Postal Services notes that using the predecessor Hongkong Post Agreement as the baseline for comparison of agreements for the purpose of determining functional equivalence is consistent with the Postal Service's proposal that was submitted in its Motion for Partial Reconsideration of Order No. 1864 in Docket No. R2013-9. Notice at 2. See *also* Docket No. R2013-9, Order No. 1864, Order Approving an Additional Inbound Market Dominant Multi-Service Agreement with Foreign Postal Operators 1 Negotiated Service Agreement (with Korea Post), October 30, 2013, at 7-8; Docket No. R2013-9, Motion for Partial Reconsideration of Order No. 1864, November 6, 2013.

existing articles and Annex 1, but asserts that these differences do not detract from a finding of functional equivalency.⁵ *Id.* at 4-5. In addition, it states that both agreements incorporate the same cost attributes and methodology, thereby making the relevant cost and market characteristics the same. *Id.* at 5.

III. COMMISSION ACTION

Notice of establishment of docket. The Commission establishes Docket No. CP2014-21 for consideration of matters raised by the Notice. The Commission appoints Cassie D'Souza to serve as Public Representative in this docket.

Interested persons may submit comments on whether the Postal Service's filing in the above-captioned docket is consistent with the policies of 39 U.S.C. 3632, 3633, and 3642 and the requirements of 39 CFR parts 3015 and 3020. Comments are due no later than January 3, 2014. The public portions of this filing can be accessed via the Commission's website (<http://www.prc.gov>). Information on obtaining access to sealed material appears in 39 CFR part 3007.

IV. ORDERING PARAGRAPHS

It is ordered:

1. The Commission establishes Docket No. CP2014-21 for consideration of matters raised by the Postal Service's Notice.
2. Pursuant to 39 U.S.C. 505, Cassie D'Souza is appointed to serve as an officer of the Commission (Public Representative) to represent the interests of the general public in this proceeding.
3. Comments are due no later than January 3, 2014.

⁵ See, e.g., in Article 13, revisions to procedures related to filings in the regulatory process; in Article 15, the Postal Service's contact information; and in Article 22, the Agreement's effective date. Notice, Attachment 1 at 4, 5, 6.

4. The Secretary shall arrange for publication of this Order in the *Federal Register*.

By the Commission.

Shoshana M. Grove
Secretary